

Message Text

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ACTION COME-00

INFO OCT-01 EUR-25 EB-11 CIAE-00 INR-10 NSAE-00 RSC-01 L-03

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INFO AMEMBASSY BONN

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E. O.11652: N/ A

TAGS: EEC, ETRD, EFTA

SUBJECT: EC/ EFTA RULES OF ORIGIN

REFS: A. STATE 58443

B. B. STATE 89431

C. EC BRUSSELS 1856

D. EC BRUSSELS A-191 (MAY 1973)

E. EC BRUSSELS A-192 (MAY 1973)

1. SUMMARY: PRIOR TO RECEIPT OF REFTEL B, MISSION
DISCUSSED RULES OF ORIGIN WITH EC COMMISSION AND UK
PERMANENT DELEGATION OFFICIALS. CLEAR INFORMATION IS
DIFFICULT TO OBTAIN. RULES OF ORIGIN ARE ALREADY
BEGINNING TO CAUSE PROBLEMS AND TO NEED AMENDMENT.
MISSION WILL ANSWER QUESTIONS IN REFTEL B IN SUBSEQUENT
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CABLE. END SUMMARY.

2. MISSION HAS DISCUSSED RULES OF ORIGIN WITH SEVERAL OFFICIALS IN THE EC COMMISSION AND THE BRITISH DELEGATION, THE NUMBER OF PEOPLE WHO UNDERSTAND THIS QUESTION IS VERY SMALL. MUCH OF THE WORK IS DONE BY OFFICIALS SENT FROM CAPITALS. (AN OFFICER IN THE BRITISH DELEGATION TOLD US THAT COLIN LOWRY, DTI TARIFF DIVISION, IS THE ONLY BRITISH OFFICIAL WHO THOROUGHLY UNDERSTANDS THE SUBJECT.) MISSION HAS NOT YET RAISED THE QUESTIONS IN REFTEL B WITH COMMUNITY OFFICIALS BUT WILL DO SO SHORTLY AND REPORT ON THEM. MEANTIME WE ARE REPORTING ON WHAT WE HAVE BEEN ABLE TO FIND OUT UNTIL NOW.

3. COMMISSION OFFICIALS STATE THAT EFFECTS OF RULES OF ORIGIN WILL NOT BECOME CLEAR FOR SOME TIME SINCE THEY DID NOT GO INTO EFFECT UNTIL APRIL 1. HOWEVER, THE COMPLICATIONS OF THE RULES AS THEY WERE ORIGINALLY WRITTEN HAVE ALREADY BEGUN TO CAUSE DIFFICULTIES.

4. ARTICLE 28 OF PROTOCOL 3 OF THE EC/ EFTA AGREEMENTS ALLOWS THE MIXED COMMITTEES ESTABLISHED BY THE AGREEMENTS TO AMEND CERTAIN SECTIONS OF THE PROTOCOL AND THE LISTS ATTACHED TO THE PROTOCOL. THIS PROCEDURE HAD ALREADY BEGUN TO BE USED. THERE HAVE IN FACT BEEN, AND WILL CONTINUE TO BE, A NUMBER OF INTERNAL EC MEETINGS ON THESE PROBLEMS. OUR SOURCES EXPECT THE MIXED COMMITTEES TO MEET AT LEAST EVERY SIX MONTHS ON THESE PROBLEMS. THEY WILL BE MAKING SPECIFIC CHANGES AS DIFFICULTIES COME TO LIGHT, EVEN THOUGH THE BASIC SYSTEM OF THE RULES OF ORIGIN IS NOW FIXED.

5. AS WE UNDERSTAND IT TWO MAIN PROBLEMS HAVE COME IMMEDIATELY TO THE FORE. THE FIRST HAD TO DO WITH THE FACT THAT NORWAY DID NOT, AS PLANNED, JOIN THE COMMUNITY AND THAT FINLAND HAS NOT AS YET RATIFIED ITS AGREEMENT WITH THE COMMUNITY. THE LEGAL TEXTS OF THE EC/ EFTA AGREEMENTS HAD ASSUMED THAT THESE TWO EVENTS WOULD HAVE ALREADY TAKEN PLACE AND LEFT THE LEGAL SITUATION QUITE AMBIGUOUS WHEN THEY DID NOT. REFTEL C REPORTED THE RESOLUTION OF THIS ISSUE: THAT NORWAY AND FINLAND WOULD LIMITED OFFICIAL USE

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BE TREATED AS THOUGH THE ARRANGEMENTS WITH THEM WERE OPERATIVE. (THE IMPLEMENTING REGULATION 984/73, ALONG WITH SAMPLE AMENDED MOVEMENT CERTIFICATES, IS PRINTED IN OFFICIAL JOURNAL L 101 OF APRIL 16, 1973. COPIES OF THE JOURNAL ARE FORWARDED REGULARLY TO RPE AND OPR/ LR.)

6. THE SECOND PROBLEM INVOLVED ARTICLE 25, OF PROTOCOL 3 WHICH, AS ORIGINALLY DRAFTED, WAS LATER FELT BY THE SIX AND THE IRISH TO BE DISCRIMINATORY AGAINST THEIR PRODUCTS. A FIRST MODIFICATION OF THIS ARTICLE HAS BEEN APPROVED BY THE MIXED COMMITTEES (REPAIR D) BUT NOT YET FORMALLY ADOPTED BY THE EC COUNCIL, ALTHOUGH REGULATION 984/73 ALLOWS THE MODIFICATION TO TAKE EFFECT. THE COMMISSION HAS PROPOSED A SECOND MODIFICATION OF THIS PROTOCOL, (REPAIR E) BUT IT HAS NOT YET BEEN CONSIDERED BY THE MIXED COMMITTEES. THE MISSION WILL REPORT MORE FULLY ON THESE AMENDMENTS LATER: HOWEVER, OUR PRELIMINARY IMPRESSION IS THAT THEY ARE NOT AN ATTEMPT TO MAKE THE RULES OF ORIGIN ANY EASIER FOR PRODUCTS FROM THIRD COUNTRIES.

7. IN ADDITION, THE COMMISSION HAS PROPOSED TO THE COUNCIL, AT THE SUGGESTION OF THE MIXED COMMITTEES, SEVERAL OTHER AMENDMENTS ON THE USE OF MOVEMENT CERTIFICATES, SPECIAL POSTAL PROCEDURES, AMENDMENTS TO THE MOVEMENT CERTIFICATES (WITH SAMPLES) AND GOODS IN TRANSIT. (REPAIR D).

8. A COMMISSION OFFICIAL HAS INFORMED US THAT THOUGH THE AGREEMENTS HAVE BEEN PRINTED BY THE COMMISSION IN ENGLISH, THE COMMISSION HAS NOT DECIDED WHETHER OR HOW IT WISHES TO DIFFUSE INFORMATION ABOUT THEM TO THE BUSINESS PUBLIC. SAMPLES OF THE ORIGINAL MOVEMENT CERTIFICATES WERE PRINTED IN THE AGREEMENTS. (SEE PARE 81 FF OF THE OFFICIAL JOURNAL L 300 OF 12/31/72).

9. OUR SOURCES IN THE BRITISH DELEGATION DESAGREE AMONG THEMSELVES ABOUT THE EXTENT TO WHICH THE MIXED COMMITTEES WILL AMEND THE SUBSTANCE OF THE RULES OF ORIGIN. (ONE OF THE OFFICERS CHARACTERIZED REGULATIONS LIMITED OFFICIAL USE

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ON RULES OF ORIGIN AS A GROWTH INDUSTRY.) HOWEVER, A SENIOR MEMBER OF THE DELEGATION STATED THAT IN HIS OPINION THE MOST EFFECTIVE WAY FOR THE UNITED STATES TO SEEK TO CORRECT ANY PROBLEMS THAT ARISE FOR OUR EXPORTS WOULD BE TO HAVE US SUBSIDIARIES APPROACH THE GOVERNMENTS OF THE COUNTRIES WHERE THEY ARE LOCATED AND HAVE THEM PROPOSE CHANGES IN THE MIXED COMMITTEES.

10. THE MISSION WILL PURSUE THIS QUESTION FURTHER AND IN PARTICULAR ADDRESS THE QUESTIONS IN REFTEL B IN A SUBSEQUENT CABLE. GREENWALD

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